

November 10, 1942

0736

The Independent Gravel Company
Attention: Mr. B. D. Reynolds, General Manager
Joplin, Missouri

Gentlemen:

The undersigned has applied to you through his attorney in fact, Mr. D'Arcy M. Cashin, for a lease, according to the terms of the draft hereto attached, upon certain lands located in the Webb City-Carterville area in Jasper County, Missouri, described as follows:

Southeast quarter, Northwest Quarter ($SE\frac{1}{4}$, $NW\frac{1}{4}$) of Section twenty-one (21), Township twenty-eight (28), Range thirty-two (32).

Commencing Southwest corner of Southeast Quarter, Southwest Quarter ($SE\frac{1}{4}$, $SW\frac{1}{4}$), of Section Eight (8), Township twenty-eight (28), Range thirty-two (32), thence North Six Hundred Forty-five (645) feet, East three Hundred Thirty-two and one-half ($332\frac{1}{2}$) feet, thence in a southwesterly direction to point seven (7) links East of Southwest corner, thence West on South line to beginning.

East One-Half ($E\frac{1}{2}$) of Section Seven (7), and East One-Half ($E\frac{1}{2}$) of West One-Half ($W\frac{1}{2}$) of Section Seven (7), Township twenty-eight (28), Range thirty-two (32).

West One-Half of West One-Half ($W\frac{1}{2}$ of $W\frac{1}{2}$) of Section Eight (8), Township twenty-eight (28), Range thirty-two (32).

Southeast Quarter of Southeast Quarter ($SE\frac{1}{4}$ of $SE\frac{1}{4}$) except One and One-Quarter ($1\frac{1}{4}$) Acres in Northwest (NW) corner, Section Seventeen (17), Township twenty-eight (28), Range thirty-two (32).

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SUPERFUND RECORDS

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Northwest Quarter of Southeast Quarter (NW $\frac{1}{4}$ of SE $\frac{1}{4}$) except town lots platted therefrom, Section Seventeen (17), Township twenty-eight (28), Range thirty-two (32).

Northeast Quarter of Southwest Quarter (NE $\frac{1}{4}$ of SW $\frac{1}{4}$) except Eight and One-Quarter (8 $\frac{1}{4}$) Acres in Northeast (NE) Corner, and Southeast Quarter of Northwest Quarter (SE $\frac{1}{4}$ of NW $\frac{1}{4}$), except town lots platted therefrom, Section Seventeen (17), Township twenty-eight (28), Range thirty-two (32).

Northeast Quarter of Northeast Quarter (NE $\frac{1}{4}$ of NE $\frac{1}{4}$) of Section Twenty (20), Township twenty-eight (28), Range thirty-two (32).

An undivided one-fourth ($\frac{1}{4}$) interest in South One-Half of Northeast Quarter (SE $\frac{1}{4}$ of NE $\frac{1}{4}$) of Section Twelve (12), Township twenty-eight (28), Range thirty-three (33).

I contemplate taking a block of leases in the area in which these lands are located and according to the terms of the draft of the lease hereto attached and subject to its provisions, will, by myself or my appointees under assignments of the lease sought from you and the leases covering the block of land, dewater said lands, if determined feasible, and erect thereon a central mill for the recovery of concentrates, if determined feasible. My attorney in fact, Mr. D'Arcy M. Cashin, has received from you a letter dated October 5, 1942, and a letter dated October 8, 1942, wherein you make a proposal as to the sales of chats and crushed rock which will result from this milling operation. We desire to add to the proposal of your letters that, in the event such proposal is subsequently reduced to a definitive contract, any sales made by you or any company in which you or your general manager, Mr. B. D. Reynolds, is directly or indirectly interested should be made from the chats and crushed rock resulting from said operation when the same meet the specifications of the buyer, and sales shall not be made by you from any reserve stock owned by you or Mr. B. D. Reynolds. If you will execute or cause to be executed a lease on the land hereinbefore described by the firm, persons, or corpo-

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ration being vested with the marketable title thereof according to the terms of the draft herewith enclosed, I or my appointees and assignees of these leases, will, at the time the construction of said central mill is begun, reduce your proposal to a contract embodying the provisions set forth in your letters as modified by the foregoing, or I, or my appointees and assignees of these leases, will, at my option or at the option of my said assignees, execute a definitive contract embodying the proposition hereinafter set forth.

I, or my assignees of said leases, whoever shall be the holder thereof at the time the construction of said central mill is begun, will render such assistance as can be lent toward promoting the sales of chats and crushed rock resulting from the operation of said central mill through the Independent Gravel Company, and the Independent Gravel Company shall have the exclusive right to make sales thereof and shall use such efforts as it can to promote such sales, and further, shall make sales of chats and crushed rock when the same is available only from chats and crushed rock resulting from the operation of said central mill for such period of time as the same is being operated. During the operation of said central mill I, or my assignees of said leases at the time the construction of the same is started, shall be entitled to receive as payment for said chats and crushed rock twenty five per cent (25%) of the net profits of the Independent Gravel Company from the sale of said chats and crushed rock, as determined prior to distribution of the same under the terms of the proposed contract herein set forth and prior to the payment of any dividends from said money by The Independent Gravel Company. In determining said net profit of The Independent Gravel Company, there shall be first paid by it to me, and such sums shall be payable by The Independent Gravel Company whether or not said operation results in a profit, such royalties as may accrue to landowners on the production of said chats and crushed rock and such power costs as may be incurred in any movement thereof or in any further processing of the same as may be required to make a sale after said chats or crushed rock have once been through the central mill.

Said contract shall provide that any machinery installed, such as washers, crushers, screens, loading devices, or any other machinery used in meeting specifications for the sale

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of said products, shall be charged as an expense against the sum resulting from said sales by amortization of the cost thereof over a period of five (5) years in favor of the party purchasing the same at the rate of twenty per cent (20%) of the costs of the installed price thereof annually, and, in addition, said party shall receive six per cent (6%) per annum of the unamortized cost thereof each year for said period of five (5) years, and said machinery shall be and remain the property of the party purchasing and installing it. In determining the net profits of the Independent Gravel Company, under the terms of the contract to be executed, the same shall provide that neither I, or my assignees, nor you shall charge as an expense of doing business in connection with said chats or crushed rock any general overhead, and by this provision there shall be excluded the costs of engineering, supervision other than foremen, administrative, accounting, expediting, legal, inspectors, and overhead expenses of an office, such as rent, utility services, stenographic, clerical, and like general expenses, and there shall be further excluded as a charge in determining said profit interest on money borrowed.

Said contract shall further provide that, if the firm of Brown and Root, of Houston, Texas, or any of its associated companies, shall want to buy any of the chats or crushed rock resulting from the operation of said central mill to be used in performance of a contract to which Brown and Root or any of its associated companies is a party, and not for resale, The Independent Gravel Company shall sell said chats and crushed rock or any part thereof that may be ordered by Brown and Root or any of its associated companies at such sum as shall be the cost to them of the production thereof under the proposed contract, in the event they purchase any machinery used in the production of said chats and crushed rock, and five cents (5¢) per ton for handling on each ton so purchased by Brown and Root or its associated companies.

If this meets with your approval, would you please cause the leases agreed to be executed or caused to be executed by you to be signed and delivered, and, further, so signify to me by affixing your name at the bottom of this letter in the place set out.

Very truly yours,

DHC:ed

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Secretary

Attest:

President

By

THE INDEPENDENT GRAVEL COMPANY

The proposal contained in the foregoing is accepted by us after authority thereto is granted by the Board of Directors.

The Independent Gravel Company -5- November 10, 1942